ATTACHMENT 15

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

U.S. COMMODITY FUTURES TRADING COMMISSION, Plaintiff, v. DONALD R. WILSON, JR. AND DRW INVESTMENTS, LLC, Defendants,	:	13 Civ. 7884 (AT)

ANSWER OF DEFENDANTS DRW INVESTMENTS, LLC AND DONALD R. WILSON, JR.

JURY TRIAL DEMANDED

Defendants DRW Investments, LLC and Donald R. Wilson, Jr. (collectively, "Defendants") answer the Complaint of Plaintiff U.S. Commodity Futures Trading Commission ("Plaintiff," "CFTC" or "the Commission") as follows[1]:

1. Paragraph 1 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

[1] Defendants have provided responses to each numbered paragraph in the Complaint and have endeavored to respond to every allegation therein. However, the Complaint contains many instances in which multiple and distinct factual allegations are set forth together in a single paragraph, as well as many instances in which factual allegations and legal conclusions are set forth together in a single paragraph. This manner of pleading is contrary to the admonition in Rule 10(b) that "[a] party must state its claims or defenses in numbered paragraphs, each limited as far as practicable to a single set of circumstances." Fed. R. Civ. P. 10(b). To the extent an allegation in the Complaint is not admitted in this answer, it is denied.

2. Paragraph 2 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations as they relate to them, and respectfully refer the Court to the "Contract Specifications" for IDEX USD Interest Rate Swap Futures published by the International Derivatives Clearing Group for information regarding the terms of the Three-Month Contract.

3. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 3 of the Complaint as they relate to others. Defendants deny the allegations in paragraph 3 as they relate to them, except to admit that DRW acquired a position in the Three-Month contract in or about August 2010.

4. Paragraph 4 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

5. Paragraph 5 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

6. Paragraph 6 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

7. Paragraph 7 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

8. Paragraph 8 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

9. Paragraph 9 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny that they engaged in any violation of the Act; therefore, Defendants deny that the relief sought in paragraph 9 is warranted.

10. Paragraph 10 of the Complaint contains a legal conclusion to which no response is required, and to the extent a response is required, Defendants deny that the Commission or the Court has jurisdiction over the conduct alleged, and respectfully refer the Court to the Act in force during the relevant period for the contents thereof.

11. Paragraph 11 of the Complaint contains a legal conclusion to which no response is required, and to the extent a response is required, Defendants deny that venue properly lies with this Court.

12. Defendants admit the allegations in paragraph 12 of the Complaint, except to deny that the Commission has jurisdiction over the conduct alleged, or that the conduct alleged constitutes a price manipulation or other disruption to market integrity.

13. Defendants admit the allegations in paragraph 13 of the Complaint, except deny the allegation that DRW Holdings maintains an office for DRW Commodities in New York, and deny the allegation that DRW Investments, LLC is an Illinois limited liability corporation (DRW Investments is an Illinois limited liability company).

14. Defendants admit that the website for DRW Trading Group contains the quotations cited in paragraph 14 of the Complaint.

15. Paragraph 15 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations except to admit that Wilson was the CEO and Manager of DRW and a resident of Illinois during the relevant time period.

16. Defendants admit that the definition of a futures contract in paragraph 16 of the Complaint is partially correct but deny that it is complete and accurate in all respects.

17. Defendants admit that the description of an interest rate futures contract in paragraph 17 of the Complaint is partially correct but deny that it is complete and accurate in all respects.

18. Paragraph 18 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants admit that the descriptions of the roles of DCMs and DCOs in the futures markets are partially correct but deny that they are complete and accurate in all respects.

19. Defendants admit that the description of the "settlement price" in paragraph 19 of the Complaint is partially correct but deny that it is complete and accurate in all respects.

20. Defendants admit that the description of "variation margin" in paragraph 20 of the Complaint is partially correct but deny that it is complete and accurate in all respects.

21. Defendants admit that the description of "convexity bias" in paragraph 21 of the Complaint is partially correct but deny that it is complete and accurate in all respects.

22. Defendants admit that the description of the "convexity effect" in paragraph 22 of the Complaint is partially correct but deny that it is complete and accurate in all respects.

23. Defendants admit that the description of PAI in paragraph 23 of the Complaint is partially correct but deny that it is complete and accurate in all respects. Defendants admit that IDCH did not apply a PAI to the transactions at issue, and Defendants had knowledge of this fact at some point.

24. Paragraph 24 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny knowledge or information sufficient to form a belief as to the allegations.

25. Defendants admit that market participants generally could execute an interest rate agreement bilaterally and clear it through IDCH but deny that the allegation in paragraph 25 of the Complaint is complete and accurate in all respects.

26. Defendants admit that parties generally could place bids or offers to establish a position in an "IDEX" interest rate futures contract and that the "price" of the IDCH IDEX interest rate futures contracts was expressed in terms of interest rates but deny that the allegation in paragraph 26 of the Complaint is complete and accurate in all respects.

27. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 27, and respectfully refer the Court to the Rulebook for the contents thereof.

28. Defendants admit that the Rulebook sets forth the method IDCH represented that it would employ to establish the daily net present value of a party's open position in the Three-Month Contract, and Defendants respectfully refer the Court to the Rulebook for the contents thereof. Defendants deny sufficient knowledge or information to form a belief about the allegations regarding the chart provided in paragraph 28 of the Complaint.

29. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 29 of the Complaint with respect to how IDCH actually determined settlement rates and established the IDEX Curve in practice.

30. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 30 of the Complaint with respect to how IDCH actually determined settlement rates and established the IDEX Curve in practice.

31. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 31 of the Complaint with respect to how IDCH actually determined settlement rates and established the IDEX Curve in practice.

32. Defendants admit that relatively higher IDEX Curves positively impacted the net present value of an open long position generally but deny that the allegation in paragraph 32 of the Complaint is complete and accurate in all respects.

33. Paragraph 33 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants admit that the IDCH rules did not provide for any mechanism to counteract the effect of the Three-Month Contract's convexity bias but deny that the allegation in paragraph 33 of the Complaint is complete and accurate in all respects.

34. Paragraph 34 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

35. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 35 of the Complaint as they relate to others. Defendants deny the allegations in paragraph 35 as they relate to them, except to admit that Defendants performed research on the Three-Month Contract. Defendants admit the accuracy of the quotations but refer the Court to the full text of the communications for the contents and meaning thereof.

36. Defendants deny the allegations in paragraph 36 of the Complaint except to admit that they understood that the IDCH contract possessed convexity bias and that the IDCH did not apply a PAI.

37. Defendants admit the accuracy of the quotations in paragraph 37 of the Complaint but refer the Court to the full text of the communication and the deposition testimony from which

they are excerpted for the contents and meaning thereof. Defendants admit that they believed that they could acquire long positions in the Three-Month Contract at prices that were lower than their expected value but deny that the allegations in paragraph 37 of the Complaint are complete and accurate in all respects.

38. Paragraph 38 of the Complaint contains legal conclusions to which no response is required. To the extent that a response is required, Defendants deny the allegations.

39. Defendants admit that on or about August 13, 2010, they were authorized to trade the Three-Month Contract, and that they subsequently accumulated a long position in the Three-Month Contract, but Defendants deny that the allegations in paragraph 39 of the Complaint are complete and accurate in all respects.

40. Defendants admit that DRW had acquired a net long position by September 30, 2010 but deny that the allegations in the first sentence of paragraph 40 of the Complaint are complete and accurate in all respects. Defendants deny knowledge or information sufficient to form a belief as to the remaining allegations in paragraph 40.

41. Defendants admit the allegations in paragraph 41 of the Complaint.

42. Defendants deny the allegations in paragraph 42 of the Complaint, except to admit that by October 2010 they believed the Three-Month Contract should have been settling at higher rates than the Corresponding Rates.

43. Paragraph 43 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations, except to admit that the prices of the Three-Month Contracts were lower than what they should have been.

44. Defendants deny the allegations in paragraph 44 of the Complaint, except to admit that certain communications occurred between DRW management and IDCH management about the

settlement rates being lower than they should have been in or about November and December 2010.

45. Paragraph 45 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 45, except to admit that Defendants were aware that IDCH had discretion to consider and/or use market participants' electronic bids alone in determining settlement rates.

46. Paragraph 46 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants admit the accuracy of the quotation and refer the Court to the full text of the communication for the contents and meaning thereof, and Defendants deny the remaining the allegations in paragraph 46.

47. Paragraph 47 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 47, except to admit that an affiliate of Defendants retained Sky Road LLC to place electronic bids for Three-Month Contracts.

48. Defendants deny knowledge or information sufficient to form a belief as to the Commission's analysis of the trading data in paragraph 48 of the Complaint. Defendants deny the remaining allegations in paragraph 48, except to admit that they placed electronic bids through Sky Road for Three-Month Contracts, beginning on or about January 24, 2011, including during the settlement period.

49. Paragraph 49 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

50. Paragraph 50 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 50,

except to admit that DRW's General Counsel communicated with IDCH on or about February 18, 2011, and Defendants refer the Court to the text of the communication for the full contents and meaning thereof.

51. Paragraph 51 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 51, except to admit that they placed bids closer to their fair values, which were higher than the Corresponding Rates.

52. Defendants deny knowledge or information sufficient to form a belief as to the allegations in paragraph 52 of the Complaint.

53. Defendants deny the allegations in paragraph 53 of the Complaint, except to admit that a DRW employee wrote to Wilson on or about February 3, 2011, and Defendants refer the Court to the text of the communication for the full contents and meaning thereof.

54. Defendants admit the allegations in paragraph 54 of the Complaint. To the extent that the Complaint, in using the word "acknowledged", implies that Wilson's statement is unfavorable to the Defendants, Defendants disagree with such implication.

55. Defendants deny the allegations in paragraph 55 of the Complaint to the extent they are meant to allege that false statements were made, and otherwise deny knowledge or information sufficient to form a belief as to the allegations.

56. Defendants deny the allegations in paragraph 56 of the Complaint, except to admit the accuracy of the quotation and refer the Court to the text of the deposition testimony for its full contents and its meaning.

57. Defendants deny the allegations in paragraph 57 of the Complaint, except to admit that, at times, they cancelled their bids on the same trading day that they entered them and that their electronic bids were not accepted.

58. Paragraph 58 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations, except Defendants admit that the Three-Month contract market became illiquid, and Defendants admit that a trader stated the words quoted in the last sentence of the paragraph but refer the Court to the text of the deposition testimony for its full contents and meaning.

59. Paragraph 59 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny there was a “manipulative scheme” or an artificial price created. Defendants deny sufficient knowledge or information sufficient to form a belief as to the remaining allegations in paragraph 59.

60. Paragraph 60 of the Complaint contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 60.

61. Defendants deny the allegations in paragraph 61 except to admit that, in or about February 2011, Wilson communicated with an official of another market participant. Defendants refer the Court to the full text of the communication for the contents and meaning thereof. Defendants deny knowledge or information sufficient to form a belief as to the allegations as they relate to other market participants.

62. In response to paragraph 62, Defendants repeat and reassert their responses to paragraphs 1 through 61.

63. Paragraph 63 contains legal conclusions to which no response is required.

64. Paragraph 64 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

65. Paragraph 65 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

66. Paragraph 66 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

67. Paragraph 67 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

68. Paragraph 68 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

69. In response to paragraph 69, Defendants repeat and reassert their responses to paragraphs 1 through 68.

70. Paragraph 70 contains legal conclusions to which no response is required.

71. Paragraph 71 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

72. Paragraph 72 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

73. Paragraph 73 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

74. Paragraph 74 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

75. Paragraph 75 contains legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations.

76. Defendants deny any factual allegations contained in Plaintiff's Relief Requested. Furthermore, Defendants deny that Plaintiff is entitled to any relief, including, but not limited to, the relief requested in its Complaint dated November 6, 2013.

AFFIRMATIVE DEFENSES

Defendants plead the following affirmative defenses. Defendants reserve their rights pursuant to the Federal Rules of Civil Procedure. By pleading these defenses as affirmative defenses, Defendants do not intend to assume the burden of proof with respect to any defense for which the law does not place the burden of proof on them.

First Affirmative Defense

(Failure to State a Claim)

The Complaint, in whole or in part, fails to state a claim upon which relief may be granted.

Second Affirmative Defense

(Lack of Personal Jurisdiction)

The Court lacks personal jurisdiction over Defendants, who are Illinois residents.

Third Affirmative Defense

(Lack of Venue)

Venue is improper in the Southern District of New York because of the lack of connection between Defendants, the alleged misconduct, and the forum.

Fourth Affirmative Defense

(Lack of Agency and Subject Matter Jurisdiction)

The Commission and the Court lack jurisdiction over the transactions described in the Complaint because those transactions were expressly excluded pursuant to Section 2(d)(2) of the Commodity Exchange Act, which was in force during the relevant period.

Fifth Affirmative Defense

(Violation of Due Process Rights)

Imposing liability and penalties here would violate due process requirements because, at a minimum: (a) Defendants lacked reasonable notice that their trading activity would constitute unlawful manipulation where that activity had the effect of moving prices closer to their fair values; and (b) Defendants likewise lacked reasonable notice that they would be subject to the CEA's market manipulation prohibition in light of the apparent applicability to DRW's bidding of the statutory exclusion from that prohibition under Section 2(d)(2) of the Commodity Exchange Act, which was then in effect.

Sixth Affirmative Defense

(Good Faith)

Defendants engaged in good faith efforts to comply with the Commodity Exchange Act in the relevant period.

Additional Defenses

Defendants assert all other affirmative defenses that may be revealed during the course of discovery.

JURY DEMAND

Defendants respectfully demand a trial by jury in this matter for all issues triable by jury.

Dated: August 8, 2014
New York, New York

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